

JUST THE FACTS

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Spring Conference Report – The Evolving Energy Landscape

PIOGA's March 23 conference, held at the Rivers Casino, proved again that what we believe we know is taking place in the oil and gas industry is always less than the what is occurring in real time, and is always changing. The conference offered attendees updates and facts about important issues emerging in Pennsylvania and beyond.

PIOGA thanks the speakers for taking time to attend and provide presentations at last month's conference. Here is a summary of some of the key points made that day:

Allen Fore, Vice President of Public Affairs for Platinum Sponsor Kinder Morgan (KM), noted the urgent need for the industry to continue outreach to policy makers, particularly in areas where oil and natural gas are urgently needed but facing opposition from activists and some elected officials. He cited KM's successful efforts in California, where their pipelines transport between 70-80 percent of the state's petroleum products. KM's positive relationships with leaders in the San Francisco area maintain support for its pipeline network and storage terminals - which are essential to that region's air and highway transportation system – in a region hostile to fossil fuels.

Stephen Comstock, the American Petroleum Institute's (API) Vice President and Senior Counselor for Policy, Economics and Regulatory Affairs, provided a valuable overview of trends influencing national and global energy supply and demand being tracked by API. On the domestic policy front, he highlighted the focus of API's "Make, Move and Improve" Plan, including increasing both on- and off-shore access, maintaining investment, reforming permitting processes and resolving supply chain bottlenecks, along with supporting energy tax credits and oil and gas industry workforce development.



PIOGA Chair Gary Slagel provides opening remarks at spring conference.

The future of hydrogen in the U.S. was the focus of a presentation by Len Paugh, Head of Gas Development for Long Ridge Energy and Power. He noted the momentum provided to hydrogen development with the U.S. Department of Energy's \$7 billion development fund to evaluate hydrogen hubs in the country, calling the entire landscape "the Wild West" due to the open-ended potentials of hydrogen for different energy applications, the financial challenges facing its development and the anticipated NIMBY reaction expected as projects take shape. He also emphasized that the Appalachian Basin is well-positioned to emerge as one of the hubs with the continued support of policy makers in the region.

The challenges facing the management of water produced by conventional operators in the basin were discussed by a four-member panel, including representatives from Babst Calland, Deep Rock Disposal Services, Equitrans Midstream and Penneco Environmental Solutions. PADEP statistics show the amount of produced water generated in the state increased by approximately 177 percent between the decade of 2001-2011 (14.8 million barrels) and 2012-2022 (41 million barrels). Ohio has also seen a reduction in water taken to its 217 disposal wells since peaking in 2018 by 49.1 million barrels to 34.8 million barrels, a 29 percent decrease. The prospect for developing and permitting additional disposal wells in Pennsylvania is expected to be daunting, given geological conditions in the state and legal challenges to permitting new wells.

A presentation by PADEP highlighted the startup of efforts to address abandoned and orphan wells in the state through the federal Infrastructure Investment and Jobs Act (IIJA) of 2021. PADEP estimates there are approximately 100,000 abandoned wells in the Commonwealth, though that number is likely higher due to the legacy of 164 years of oil and gas production. The state is in line to receive about \$400 million from IIJA, under three separate programs over the course of the next five years. The Initial Grant allocation has allowed for the plugging of nine wells to date, with 215 additional wells in the process of being addressed. Pennsylvania's Formula Grant application is due for submittal in August 2023, with the criteria for the program's Performance Grant under development within DOI. Finally, the long-term nature of the IIJA program is reflected in the agency's current plan to add 42 new staff members.

State Senate President Pro Tempore Kim Ward's (R- Westmoreland) pre-recorded message included her caucus's priorities entering the new legislative session, with an emphasis on strengthening the state's economy and energy independence and affordability as a pillar of those efforts. She mentioned the Senate's passage of the PA EDGE Tax Credit Program, making available up to \$50 million in tax credits for 20 years to establish a regional hydrogen hub, and cited the ongoing fight against joining the Regional Greenhouse Gas Initiative. With a current focus on developing and passing a state budget, she emphasized a willingness to work across the aisle in the best interests of the Commonwealth.

The conference included other presentations on the development USEPA's VOC regulations impacting oil and gas operations and efforts by scientists – including Joe Bastardi, co-chief meteorologist at WeatherBell, as well as those at the CO2 Coalition – to rebut climate change and carbon dioxide activism in the public domain. Watch for next month's Just the Facts, when PIOGA will feature a guest column from the CO2 Coalition on their research efforts.



Water management panel focused on regulation, transportation and disposal challenges in the Appalachian Basin.

The Facts

The message from PIOGA's spring conference was clear: energy development in Pennsylvania and the U.S. and the policies that either promote or stifle that development continue to be among the most critical issues facing our state and nation. American oil and natural gas can deliver affordable and reliable energy supplies both domestically and overseas with smart regulations and policies from leaders who recognize the importance of these vital resources.



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